

Message Text

UNCLASSIFIED

PAGE 01 STATE 117892

70

ORIGIN EB-07

INFO OCT-01 AF-08 ISO-00 L-03 FRB-01 OMB-01 ITC-01 SP-02

USIA-15 AGR-10 AID-05 CIAE-00 COME-00 INR-07 IO-13

LAB-04 NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-02

CEA-01 DODE-00 PA-02 PRS-01 ARA-10 EA-09 EUR-12

NEA-10 /132 R

DRAFTED BY EB/IFD/ODF:RHARNISH

APPROVED BY EB/IFD/ODF:JWINDER

----- 116313

P 131939Z MAY 76

FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI PRIORITY

UNCLAS STATE 117892

FOR: UNCTAD DELEGATION

E.O. 11652: N/A

TAGS: UNCTAD, SOPN

SUBJECT: PRESS COMMENTS ON UNCTAD IV

1. THE FOLLOWING ARE REACTIONS BY FOUR DOMESTIC NEWSPAPERS TO THE SECRETARY'S UNCTAD PROPOSALS. THEY ARE SUMMARIES. EACH STORY IS PRESENTED IN THE TONE AND STYLE IN WHICH IT WAS PUBLISHED.

2. "U.S. SEEKS BANK FOR RESOURCES"--THE WASHINGTON POST, MAY 7, 1976.

KISSINGER TOLD UNCTAD REPRESENTATIVES HE WAS THERE TO MAKE SERIOUS PROPOSALS FOR ALLEVIATING WORLD POVERTY BUT THAT U.S. WOULD RESIST THOSE WHO DESIRED CONFRONTATION. KISSINGER FEELS THAT HIS TRIP HAS IMPROVED MUTUAL UNDERSTANDING

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 117892

BETWEEN AFRICAN AND U.S. LEADERS. UNCTAD PROPOSALS ARE

LIKELY TO BE ATTACKED BY MILITANT LDCS WHO WANT MORE. KISSINGER IS UNDER DOMESTIC ATTACK FOR WHAT SOME FEEL IS ENCOURAGEMENT TO VIOLENCE IN SOUTHERN AFRICA. THE CENTERPIECE OF KISSINGER'S PROPOSALS IS THE INTERNATIONAL RESOURCES BANK. THE BANK WILL PROTECT MNCs WHO FEAR EXPROPRIATION AND LDCs WHO FEAR EXPLOITATION. U.S. CONTEMPLATES 200 MILLION DOL. SHARE OF INITIAL 1 BILLION DOL. CAPITAL FUND WHICH WOULD PERMIT INVESTMENT FLOW OF 10 BILLION DOL. ANNUALLY. INTERNATIONAL INDUSTRIALIZATION INSTITUTE AND

TECHNOLOGY CORPS WOULD ASSIST IN TECHNOLOGY TRANSFER. US ACCEPTS GUARDEDLY CASE BY CASE ESTABLISHMENT OF COMMODITY BUFFER STOCKS. US REJECTED WHOLESALE RESCHEDULING OF DEBT. KISSINGER RECEIVED APPLAUSE BEFORE AND AFTER US COMPREHENSIVE AND COMPLEX PROPOSALS. MARXIST NATIONS WILL ASSAIL BUT KEY FACTOR IS REACTION OF MODERATES. AN AMERICAN SPECIALIST SAID PROPOSALS ARE A SANDWICH BUT LDCs WANTED A BANQUET. THE POOREST DON'T WANT TRADE CONCESSIONS; THEY WANT DEBT RELIEF.

3. "KISSINGER OFFERS PLAN TO FIGHT WORLD POVERTY," "LDCs URGED TO AVOID ECONOMIC WARFARE."--THE JOURNAL OF COMMERCE MAY 7, 1976.

MR. KISSINGER OFFERED THE THIRD WORLD THE PROSPECT OF BIGGER WESTERN CAPITAL INVESTMENTS, MORE STABLE PRICES FOR COMMODITIES, DIRECT FINANCIAL AID AND MORE KNOW-HOW THROUGH A PRIVATELY FINANCED "TECHNOLOGY CORPS." HE REJECTED LDC CHERISHED PROJECTS AND WARNED THAT CONFRONTATION THROUGH CARTELS WOULD ONLY HARM LDCs. LDC REPRESENTATIVES ARE SKEPTICAL OF US INTENTIONS AND ARE EXPECTED TO CRITICIZE KISSINGER'S PLAN ONCE THEY HAVE ABSORBED ITS MANY DETAILS. MAJOR PROPOSAL WAS A 1 BILLION DOL. BANK TO ENCOURAGE MNCs TO INVEST IN MINERALS IN POOR COUNTRIES THROUGH INSURING THEM AGAINST NATIONALIZATION. HE WENT PART WAY TOWARD ACCEPTING COMMODITY STOCKS TO GUARD AGAINST PRICE FLUCTUATIONS. KISSINGER FELT STOCKS COULD BE FINANCED FROM MANY SOURCES BUT IRB COULD BE A SUPPLEMENTAL CHANNEL. HE REGARDS INDEXING AS SLOGANEERING. HE SAID US WOULD ONLY CONSIDER DEBT MORATORIUMS FOR PARTICULAR COUNTRIES. PROSPERITY FOR THE THIRD WORLD CANNOT BE BASED ON

UNCLASSIFIED

PAGE 03 STATE 117892

PROGRAMS WHICH ONLY BENEFIT POOR COUNTRIES. KISSINGER ALSO PROPOSED AN INTERNATIONAL CODE ON EXPORT CONTROLS, CREATION OF AN INTERNATIONAL INDUSTRIALIZATION INSTITUTE, AND PROGRAMS IN SATELITE TECHNOLOGY.

4. "FRANCE SUGGESTS A BROAD PLAN TO HELP POOR NATIONS AS NORTH/SOUTH TALKS OPEN"--THE WALL STREET JOURNAL, MAY 7, 1976.

FRANCE UPSTAGED THE US BY GOING FURTHER THEN ANY OTHER DEVELOPED NATION TO MEET DEMANDS OF LDCS. MINISTER OF FINANCE FOURCADE RAISED THE POSSIBILITY OF A CENTRAL FUND TO PROP COMMODITY PRICES AND PROPOSED INTERNATIONAL LOAN GUARANTEES TO CONVERT SPECULATIVE FLOWS INTO LONG-TERM DEVELOPMENT LOANS. EARLIER KISSINGER HAD REVEALED HIS PREVIOUSLY LEAKED PLAN FOR AN INTERNATIONAL RESOURCES BANK. THE FRENCH HAD CLEARLY STOLEN THE THUNDER IN A DAY OF DEVELOPED COUNTRY SPEECHES. TYPICAL OF FRENCH DIPLOMACY, THE POSITION HAD NOT BEEN REVEALED TO HER COMMON MARKET PARTNERS EITHER. UNCTAD IS PART OF THE NORTH/SOUTH DIALOGUE

WHICH HAS BEEN IN AN ANALYSIS STAGE FOR NEARLY ONE YEAR. KISSINGER'S SPEECH CLEARLY SET OUT US SOLUTIONS, WARNED AGAINST CONFRONTATION, AND DESCRIBED THIS AS A SPECIAL OPPORTUNITY TO REINVIGORATE THE INTERNATIONAL ECONOMIC SYSTEM. IN A SIGNIFICANT LAST MOMENT ADDITION, HE SAID IRB MAY BE USED AS A SUPPLEMENTAL CHANNEL FOR FINANCING A PARTICULAR BUFFER STOCK FOR COMMODITY PRICE SUPPORT. IT WAS THE FIRST INDICATION THAT THE US IS WILLING TO NEGOTIATE THE ROLE OF IRB IN DIRECTLY INFLUENCING COMMODITY PRICES. ON DEBT KISSINGER FELT SOLUTION MUST BE ACCEPTABLE TO CREDITOR AND DEBTOR AND HE URGED THAT AID TO THE POOREST NATIONS ONLY BE GIVEN IN THE FORM OF GRANTS NOT LOANS. ADMIN. SEC. GEN. MBOUMONA OF OAU SAID, "THE IDEA OF A BANK FUNDED BY PRIVATE CAPITAL WHICH BY ITS NATURE SEEKS INVESTMENTS THAT ARE PROFITABLE IF NOT USURIOUS DOESN'T INSPIRE CONFIDENCE." KISSINGER URGED AN INTERNATIONAL INDUSTRIALIZATION INSTITUTE TO ENCOURAGE R & D ON TECHNOLOGY APPROPRIATE TO DEVELOPING COUNTRIES. HE DID NOT ACCEDE TO DEMANDS FOR FREE ACCESS TO PATENTS HELD BY PRIVATE INDUSTRY, IN LINE WITH EXPECTATIONS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 117892

5. "KISSINGER OFFERS PROGRAM TO HELP POOR LANDS GROW," "AT TRADE PARLEY IN NAIROBI HE SUGGESTS INSTITUTION TO HELP DEVELOP RESOURCES," "FREE ENTERPRISE PLAN," "SECRETARY SAYS AIM SHOULD BE A FAIR ALLOCATION OF THE BENEFITS OF TECHNOLOGY."--THE NEW YORK TIMES, MAY 7, 1976. KISSINGER LAID OUT AN INTRICATE AND COMPREHENSIVE APPROACH TO RICH-POOR RELATIONS WHICH STRESSED FREE ENTERPRISE AND PRIVATE INITIATIVE. HE URGED AN END TO SLOGANS AND A COMMON ATTEMPT TO BUILD ECONOMIC INSTITUTIONS WHICH FAIRLY ALLOCATE THE BENEFITS OF GROWTH AND TECHNOLOGY. THE MOST DRAMATIC SUGGESTION WAS FOR AN IRB CAPITALIZED AT 1 BILLION DOL. IT WOULD SERVE AS A MEDIATOR BETWEEN A COUNTRY AND PRIVATE FOREIGN INVESTORS. HE ALSO PROPOSED AMERICAN ACCEPTANCE OF THE CONCEPT OF BUFFER STOCKS TO HELP MAINTAIN PRICE STABILITY FOR LDC EXPORTERS, LOWERED TARIFF

BARRIERS ON PROCESSED GOODS FROM LDCS, AN EMPHASIS ON TECHNOLOGY APPROPRIATE TO LDCS, AND A COMMITMENT TO TECHNOLOGY TRANSFER. HE FURTHER PLEDGED TO CURB THE BRAIN DRAIN, TO UNTIE ASSISTANCE, AND TO SHIFT TO GRANT AID FOR 25 POOREST NATIONS. KISSINGER SAID IRB WOULD GENERATE NEW RIVERS OF INVESTMENT CAPITAL INTO THE THIRD WORLD; A FLOW THAT HAS SLOWED TO A TRICKLE.. THE ESSENTIAL PROMISE OF THE SECRETARY'S SPEECH IS THAT FOR INVESTMENT CAPITAL THE POOR COUNTRIES ULTIMATELY DEPEND UPON PRIVATE INVESTMENT. HE SAID THE US BETTER THAN ANY OTHER NATION COULD SURVIVE A PERIOD OF ECONOMIC WARFARE. SIGNIFICANTLY, THE SECRETARY DID NOT REFER TO SEVERAL KEY POINTS IN THE G-77 PROPOSALS SUCH AS FREEING OF PATENTS AND SYSTEMATIC RESCHEDUL-

ING OF DEBT. THE IMMEDIATE REACTION TO THE SPEECH WAS CAUTION. SOME SAID THERE WAS TOO MUCH DETAIL TO BE ABSORBED AT A SINGLE HEARING. THE FRENCH DID NOT SEE THE NEED FOR ANOTHER BUREAUCRACY AND THE GERMANS HESITATED TO DISRUPT MARKET PRICES. US AGRICULTURE AND LABOR REPRESENTATIVES FELT THE KISSINGER PROPOSALS THREATENED US PROTECTIONIST CONCERNS. KISSINGER EMPHASIZED THAT THE PROPOSALS WERE SUPPORTED BY SIMON AND THE CONGRESS. KISSINGER SAID HIS UNCTAD PROPOSALS ADDRESSED ONE OF TWO FUNDAMENTAL PROBLEMS OF US FOREIGN POLICY. THE TWO PROBLEMS ARE MAJOR POWER RIVALRY IN STRATEGIC ARMS AND THE EVER-WIDENING GAP UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 117892

BETWEEN RICH AND POOR. FOR A STABLE WORLD THE POOR MUST BELIEVE THAT THEY HAVE A CHANCE TO FULFILL THEIR ASPIRATIONS. HE FELT HIS PROPOSALS WOULD BE DEBATED ACRIMONIOUSLY FOR WEEKS, ADOPTED AS RESOLUTIONS, AND THEN ACTED UPON LATER IN SMALLER INTERNATIONAL GROUPS. KISSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS COMMENTS, ECONOMIC DEVELOPMENT, PRESS SUMMARIES, SPEECHES
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAY 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE117892
Document Source: CORE
Document Unique ID: 00
Drafter: RHARNISH
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760185-0508
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760556/aaaabwma.tel
Line Count: 206
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CollinP0
Review Comment: n/a
Review Content Flags:
Review Date: 18 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 JUN 2004 by wolfsd>; APPROVED <24 JAN 2005 by CollinP0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS COMMENTS ON UNCTAD IV
TAGS: SOPN, ECON, KE, US, UNCTAD, (KISSINGER, HENRY A)
To: NAIROBI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006